

AMENDED IN SENATE MAY 24, 2004

AMENDED IN SENATE APRIL 21, 2004

SENATE BILL

No. 1322

Introduced by Senator Denham

February 17, 2004

An act to amend Sections 66025.6, 69433.4, 69750, 69750.3, 69750.5, 69750.7, and 69751 of, to add Section 69751.4 to, and to repeal and add Section 69751.3 of, the Education Code, and to amend Section 981.8 of the Military and Veterans Code, relating to veterans.

LEGISLATIVE COUNSEL'S DIGEST

SB 1322, as amended, Denham. Veterans: student financial aid.

(1) Existing law, until January 1, 2007, grants to qualifying members of the National Guard, the State Military Reserve, and the Naval Militia an entitlement to academic leave when active duty, as defined, interrupts undergraduate college attendance for the purpose of pursuing an undergraduate degree.

This bill would extend the duration of this entitlement until January 1, 2012. The bill would also extend this entitlement to members of the National Guard, the State Military Reserve, and the Naval Militia who are graduate students or who are enrolled in or who have completed a program of instruction in a vocational diploma program, as defined, where enrollment qualifies a student for participation in the Federal Family Education Loan Program or any loan program approved by the Student Aid Commission.

(2) Existing law, known as the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act, establishes the Cal Grant A and B entitlement awards, the California Community

College Transfer Entitlement awards, the Competitive Cal Grant A and B awards, the Cal Grant C awards, and the Cal Grant T awards under the administration of the Student Aid Commission, and establishes eligibility requirements for awards under these programs for participating students attending qualifying institutions. Among other things, the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act requires, until January 1, 2007, that a recipient of a Cal Grant award who is a member of the National Guard, the State Military Reserve, or the Naval Militia on active duty, as defined, who is obliged to withdraw from his or her studies because of that active duty, and who later resumes those studies no later than one year after completing that active duty, does not forfeit either any of the monetary value of the Cal Grant award or any of his or her period of eligibility for that award.

This bill would extend the duration of this requirement until January 1, 2012.

(3) Existing law establishes, commencing with the 2004–05 fiscal year, and ending with the 2006–07 fiscal year, the National Guard Assumption Program of Loans for Education, for qualifying members of the National Guard, the State Military Reserve, and the Naval Militia as defined, who seek, or who have completed, baccalaureate degrees at institutions of higher education within this state, who receive a loan under a designated loan program, and who complete a certain period of service as qualifying members. Under the National Guard Assumption Program of Loans for Education, a qualifying member is eligible to receive up to \$11,000 in loan assumption payments if he or she completes up to 4 years of qualifying service.

This bill would instead provide that the program is established to provide an incentive for persons to enlist or reenlist in the National Guard, the State Military Reserve, or the Naval Militia. The bill would authorize persons who otherwise qualify for participation in the program, and who are enrolled in, or have completed, a program of study in a qualifying vocational diploma program, to participate in the program.

The bill would require the Student Aid Commission to report annually to the Legislature regarding the total number of participants in the program, as well as the number of participants who receive a loan assumption benefit, classified by payment year, and categorized by age, ethnicity, and gender. The bill would require the ~~Bureaus of State Audits~~ *Legislative Analyst's Office*, in consultation with the Military Department and the Student Aid Commission, to evaluate the programs

discussed above. The bill would require that this evaluation be submitted, in writing, to the Director of Finance and the Legislature no later than July 1, 2006.

The bill would specify that, in any fiscal year, the commission may not issue more than the number of warrants that are authorized by the Governor and the Legislature in the annual Budget Act for the assumption of loans under this bill.

(4) Existing law, in effect until January 1, 2007, requests the Office of the Adjutant General to make copies of the enrollment fee waiver application of the Board of Governors of the California Community Colleges and the Free Application for Federal Student Aid (FAFSA) available to each member of the California National Guard, the State Military Reserve, and the Naval Militia who does not have a baccalaureate degree. Existing law also requests the Office of the Adjutant General to assist these persons in completing these forms, as needed.

This bill would extend the operation of the provisions containing these requests until January 1, 2012.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 66025.6 of the Education Code is
2 amended to read:
3 66025.6. (a) As used in this section, the following terms have
4 the following meanings:
5 (1) “Active duty” means either of the following:
6 (A) Active federal service or full-time national guard duty on
7 behalf of the United States of America either voluntarily, or when
8 involuntarily ordered to duty by appropriate authorities under Title
9 10 or Title 32 of the United States Code during a period of armed
10 conflict, mobilization, contingency operations, or other crisis.
11 (B) (i) Active military duty in the service of the state when the
12 Governor has issued a proclamation of a state of insurrection
13 pursuant to Section 143 of the Military and Veterans Code or a
14 proclamation of a state of emergency; or
15 (ii) When the National Guard is on active duty pursuant to
16 Section 146 of the Military and Veterans Code, or is called to active
17 service or duty under Chapter 7.5 (commencing with Section 400)



1 of Part 1 of Division 2 of the Military and Veterans Code, and a
2 certificate of satisfactory service, or an equivalent thereof, is
3 issued by the Military Department.

4 (2) “Qualifying member” means a person who:

5 (A) Is a resident, as defined in Section 68017.

6 (B) Is currently an active member of, and has satisfactorily
7 served for at least one year in, the California National Guard, the
8 State Military Reserve, or the Naval Militia, and maintains
9 satisfactory service throughout the period that he or she receives
10 consideration pursuant to this section, or throughout the period
11 that his or her student loan payments are assumed under Article
12 12.5 (commencing with Section 69750) of Chapter 2 of Part 42,
13 whichever is longer.

14 (C) Has completed a baccalaureate degree, or is currently
15 enrolled, and in good standing, in an undergraduate program of
16 instruction, or has been admitted to a program in which he or she
17 will be enrolled, on at least a half-time basis, at an institution of
18 higher education in this state, or is enrolled and in good standing
19 in or has completed a program of instruction in a vocational
20 diploma program as defined in Section 94746 where enrollment
21 qualifies a student for participation in the Federal Family
22 Education Loan Program (20 U.S.C. Sec. 1071 et seq.) or any loan
23 program approved by the Student Aid Commission.

24 (b) (1) Any qualifying member, and any member of the
25 California National Guard, the State Military Reserve, or the
26 Naval Militia who meets the qualifications of subparagraphs (A)
27 and (B) of paragraph (2) of subdivision (a) and who is enrolled,
28 and in good standing in a graduate program of instruction, who
29 undertakes active duty is entitled to an academic leave of absence
30 for any academic session that the person is unable to attend or
31 complete because he or she is on active duty. It is the intent of the
32 Legislature that a graduate or undergraduate student who is called
33 to active military duty as a member of the California National
34 Guard, the State Military Reserve, or the Naval Militia not be
35 academically penalized as a result of any academic leave of
36 absence that he or she takes in accordance with this paragraph.

37 (2) The graduation requirements for a qualifying member who,
38 within one year of returning from active duty, resumes his or her
39 studies at the same postsecondary educational institution shall be,

1 to the extent that it is feasible, the same as the graduation
2 requirements at the time the qualifying member initially enrolled.

3 (c) The Military Department shall determine whether an
4 individual meets the requirements of “active duty” and
5 “qualifying member,” as they are set forth in subdivision (a). The
6 department shall issue a certificate to individuals who meet those
7 requirements.

8 (d) This section shall remain in effect only until January 1,
9 2012, and as of that date is repealed, unless a later enacted statute
10 that is enacted before January 1, 2012, deletes or extends that date.

11 SEC. 2. Section 69433.4 of the Education Code is amended
12 to read:

13 69433.4. (a) Notwithstanding any other provision of law, a
14 recipient of a Cal Grant award who is a member of the National
15 Guard, the State Military Reserve, or the Naval Militia on active
16 duty within the meaning of Section 66025.6, who is obliged to
17 withdraw from his or her studies because of that active duty, and
18 who later resumes those studies no later than one year after
19 completing that active duty, does not forfeit either any of the
20 monetary value of the Cal Grant award or any of his or her period
21 of eligibility for that award.

22 (b) This section shall remain in effect only until January 1,
23 2012, and as of that date is repealed, unless a later enacted statute
24 that is enacted before January 1, 2012, deletes or extends that date.

25 SEC. 3. Section 69750 of the Education Code is amended to
26 read:

27 69750. Commencing with the 2004–05 fiscal year, the
28 National Guard Assumption Program of Loans for Education is
29 established to provide an incentive for persons to enlist or reenlist
30 in the National Guard, the State Military Reserve, or the Naval
31 Militia within the meaning of Section 66025.6 who seek, or who
32 have completed, degrees at institutions of higher education within
33 this state, or who are enrolled in or have completed a program of
34 instruction in a vocational diploma program, as defined in Section
35 94746, where enrollment qualifies a student for participation in the
36 Federal Family Education Loan Program (20 U.S.C. Sec. 1071 et
37 seq.) or any loan program approved by the Student Aid
38 Commission for this purpose.

39 SEC. 4. Section 69750.3 of the Education Code is amended
40 to read:

1 69750.3. (a) A person who meets all of the following
2 conditions is eligible to enter into an agreement for loan
3 assumption, to be redeemed pursuant to Section 69750.5:

4 (1) The applicant agrees to enlist, or reenlist, in the National
5 Guard, the State Military Reserve, or the Naval Militia.

6 (2) The applicant is enrolled in an institution of higher
7 education or a vocational diploma program, as defined in Section
8 94746, that participates in the loan assumption program set forth
9 in this article.

10 (3) In order to meet the costs associated with obtaining a degree
11 or enrollment in a qualified vocational diploma program as
12 defined in Section 94746, the applicant has received, or is
13 approved to receive, a loan under one or more of the following
14 designated loan programs:

15 (A) The Federal Family Education Loan Program (20 U.S.C.
16 Sec. 1071 et seq.).

17 (B) Any loan program approved by the Student Aid
18 Commission.

19 (b) A person participating in the program pursuant to this
20 article shall not be eligible to enter into more than one agreement
21 under this article.

22 SEC. 5. Section 69750.5 of the Education Code is amended
23 to read:

24 69750.5. The Student Aid Commission shall commence loan
25 assumption payments, as required by Section 69750.7, upon
26 receipt of a certificate from the Military Department verifying that
27 the applicant has completed the enlistment and military service
28 requirements, and upon determination that the applicant has
29 otherwise met the requirements of the loan assumption agreement
30 and all other conditions of this article.

31 SEC. 6. Section 69750.7 of the Education Code is amended
32 to read:

33 69750.7. The terms of the loan assumption agreements
34 granted under this article shall be as follows, subject to the specific
35 terms of each warrant:

36 (a) After a program participant has completed one year of
37 service as, or in the case of a participant who is eligible because he
38 or she has agreed to reenlist, one year of additional service as, a
39 qualifying member within the meaning of Section 66025.6, the
40 Student Aid Commission shall assume up to two thousand dollars

1 (\$2,000) of the participant's outstanding liability, related to
2 qualifying undergraduate or vocational education, under one or
3 more of the designated loan programs.

4 (b) After a program participant has completed two consecutive
5 years of service as, or in the case of a participant who is eligible
6 because he or she has agreed to reenlist, two consecutive years of
7 additional service as, a qualifying member within the meaning of
8 Section 66025.6, the commission shall assume up to an additional
9 three thousand dollars (\$3,000) of the participant's outstanding
10 liability, related to qualifying undergraduate or vocational
11 education, under one or more of the designated loan programs, for
12 a total loan assumption of up to five thousand dollars (\$5,000).

13 (c) After a program participant has completed three
14 consecutive years of service as, or in the case of a participant who
15 is eligible because he or she has agreed to reenlist, three
16 consecutive years of additional service as, a qualifying member
17 within the meaning of Section 66025.6, the commission shall
18 assume up to a maximum of an additional three thousand dollars
19 (\$3,000) of the participant's outstanding liability, related to
20 qualifying undergraduate or vocational education, under one or
21 more of the designated loan programs, for a total loan assumption
22 of up to eight thousand dollars (\$8,000).

23 (d) After a program participant has completed four consecutive
24 years of service as, or in the case of a participant who is eligible
25 because he or she has agreed to reenlist, four consecutive years of
26 additional service as, a qualifying member within the meaning of
27 Section 66025.6, the commission shall assume up to a maximum
28 of an additional three thousand dollars (\$3,000) of the participant's
29 outstanding liability, related to qualifying undergraduate or
30 vocational education, under one or more of the designated loan
31 programs, for a total loan assumption of up to eleven thousand
32 dollars (\$11,000).

33 SEC. 7. Section 69751 of the Education Code is amended to
34 read:

35 69751. (a) The Student Aid Commission shall administer
36 this article, and, in consultation with the Military Department,
37 shall adopt rules and regulations for that purpose. The rules and
38 regulations shall include, but need not be limited to, provisions
39 regarding the period of time for which a loan assumption
40 agreement shall remain valid, the reallocation of funds that are not

1 utilized, and the development of projections for funding purposes.
2 The commission shall solicit the advice of representatives from
3 postsecondary education institutions regarding the proposed rules
4 and regulations. The commission shall adopt initial regulations for
5 the program within six months of the effective date of the initial
6 appropriation funding the program.

7 (b) The Student Aid Commission shall work in conjunction
8 with lenders participating in federal loan programs to develop a
9 streamlined application process for participation in the program
10 set forth in this article.

11 SEC. 8. Section 69751.3 of the Education Code is repealed.

12 SEC. 8.5. Section 69751.3 is added to the Education Code, to
13 read:

14 69751.3. (a) The Student Aid Commission shall report
15 annually to the Legislature regarding program participation,
16 including, but not necessarily limited to, both of the following, as
17 categorized on the basis of age, ethnicity, and gender:

18 (1) The total number of participants in the program established
19 by this article.

20 (2) The number of participants who receive a loan assumption
21 benefit, classified by payment year.

22 (b) ~~The Bureau of State Audits~~ *Legislative Analyst's Office*, in
23 consultation with the Military Department and the Student Aid
24 Commission, shall evaluate the operation of the benefits and
25 programs established pursuant to this article, as well as those
26 benefits established pursuant to Section 66025.6. This evaluation
27 shall be submitted, in writing, to the Director of Finance and the
28 Legislature no later than July 1, 2006. *It is the intent of the*
29 *Legislature that the Legislative Analysts Office be reimbursed for*
30 *its costs in conducting this evaluation from funds appropriated to*
31 *fund the programs and benefits provided under this article and*
32 *pursuant to Section 66025.6.*

33 SEC. 9. Section 69751.4 is added to the Education Code, to
34 read:

35 69751.4. Notwithstanding any other provision of law, in any
36 fiscal year, the commission shall issue no more than the number
37 of warrants that are authorized by the Governor and the Legislature
38 in the annual Budget Act for the assumption of loans under this
39 article.

1 SEC. 10. Section 981.8 of the Military and Veterans Code is
2 amended to read:

3 981.8. (a) The Office of the Adjutant General is requested to
4 annually make both of the following available to each member of
5 the California National Guard, the State Military Reserve, and the
6 Naval Militia who does not have a baccalaureate degree:

7 (1) A copy of the enrollment fee waiver application of the
8 Board of Governors of the California Community Colleges.

9 (2) A copy of the Free Application for Federal Student Aid
10 (FAFSA).

11 (b) The Office of the Adjutant General is requested to provide
12 assistance as necessary to help the members complete the forms
13 made available to them under subdivision (a).

14 (c) This section shall remain in effect only until January 1,
15 2012, and as of that date is repealed, unless a later enacted statute
16 that is enacted before January 1, 2012, deletes or extends that date.

